

Message Text

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ORIGIN AF-18

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FM SECSTATE WASHDC

TO AMEMBASSY KIGALI

UNCLAS STATE 177993

E.O. 11652: N/A

TAGS: BCOM

SUBJECT: WERTHEIM TEA PROPOSAL

REF: KIGALI 461

1. WERTHEIM MEETINGS WASHINGTON AUGUST 21/22 WITH STATE, AID
IBRD, IFC AND RWANDAN AMBASSADOR HAD FOLLOWING OUTCOME:

A) AT SUGGESTION IFC, WERTHEIM PREPARED SUBSTANTIALLY
REVISE ORIGINAL INVESTMENT PROPOSAL TO PROVIDE FOR EARLIER
RETURNS ON INITIAL CAPITAL OUTLAYS THEREBY MAKING PROJECT
MORE ATTRACTIVE FOR FINANCING; (B) REDESIGNED \$1.2 MILLION
PROJECT WOULD FOCUS ON CONSTRUCTION TEA FACTORY CYOHOHA/
RUKERI HAVING INITIAL PRODUCTION 250 TONS MADE TEA WITH
POTENTIAL EVENTUALLY EXPAND TO THREE DRYERS WITH TOTAL
CAPACITY ABOUT 750 TONS P/A; (C) BECAUSE OF CHANGED
MONEY MARKET CONDITIONS WERTHEIM FINANCIAL PARTICIPATION
LIMITED \$100,000 CASH AND LIKE AMOUNT SHORT TERM LOANS;
D) WERTHEIM WOULD BE MINORITY SHARE HOLDER IN TEA COMPANY
WITH MANAGEMENT CONTRACT. (E) IFC PREPARED CONSIDER
PARTICIPATION UP TO \$500,000.

2. WERTHEIM FLEXIBLE ON KIGALI VISIT BUT IS NOT PREPARED
UNDERTAKE EXPENSIVE TRIP UNTIL HE HAS RECEIVED GOR COMMENTS
ON EIGHT POINTS (OF CENTRAL INTEREST TO ANY PROSPECTIVE
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INVESTOR). WHILE WE AGREE IT NOT DESIRABLE FORCE GOR

INTO POSITIONS FROM WHICH RETREAT MIGHT BE DIFFICULT, IT
HOPED GOR COULD FIND WAY PROVIDE WERTHEIM WITH BRIEF
STATEMENT GOVERNMENT S DESIRE IMPROVE INVESTMENT CLIMATE,
NEGOTIATE. IN REVIEWING EIGHT POINTS, IT APPEARS THAT GOR
SHOULD BE ABLE TO ANSWER ON BASIS OF INVESTMENT CODE.
WITH REGARD TO WERTHEIM S LETTER TO MUNYANZEA, NEW
EMPHASIS ON BUILDING OF PROCESSING PLANT IN INITIAL PHASE
SHOULD ALLEVIATE ORIGINAL PROBLEM OVER LAND CONCESSION.
WERTHEIM ALSO DESIRES SOME INDICATION OF GOR S ABILITY TO
FUND OR FIND ADDITIONAL \$500,000 STILL REQUIRED TO MAKE
UP \$1.2 MILLION.

3. WILL ADVISE RESULTS MOREAU/IBRD DISCUSSIONS BRUSSELS
CONCERNING POSSIBILITY OF JOINT FINANCING WITH OTHER
DONORS AND TO COORDINATE WERTHEIM S PROPOSAL WITH
ACTIVITIES OF FED. HOPEFULLY THROUGH THESE DISCUSSIONS
WITH OTHER DONORS AND IN COORDINATION WITH GOR, MAJOR
PORTION OF ADDITIONAL \$500,000 CAN BE FOUND. RUSH

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